

## Message Text

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14-11

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 AID-05 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 TAR-01 USIA-06 XMB-02

OPIC-03 SS-15 NSC-05 PA-01 PRS-01 L-02 H-02 /088 W

----- 104134

R 121500Z MAY 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 1047

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE AHGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: EFIN, EALT, IT

SUBJECT: POSSIBLE ITALIAN BORROWING FROM JOINT EC

FACILITY

REF: EC BRUSSELS 4046

1. MILAN'S "CORRIERE DELLA SERA" REPORTS IN FRONT PAGE  
ARTICLE MAY 12 THAT ITALIAN GOVERNMENT HAS REQUESTED \$3 BILLION  
LOAN FROM EC JOINT LENDING FACILITY. ARTICLE CLAIMS THAT  
REQUEST WAS MADE LAST WEEK IN BRUSSELS BUT NOT ANNOUNCED  
PUBLICLY BY GOI AND PERHAPS NOT PRESENTED IN WRITING.  
REPORT CLAIMS THAT EC CIRCLES ARE PLEASED AT ITALIAN ACTION,  
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ESPECIALLY SINCE GOI HAS NOT YET RESORTED TO EXPANDED IMF

OIL FACILITY.

2. "CORRIERE" REPORTS THAT AT LAST MEETING OF EC FINANCE MINISTERS ON APRIL 21 COMMISSIONER HAERKAMP SAID THAT ADDITIONAL CONTACTS WITH POTENTIAL LENDERS AMONG OIL-PRODUCING COUNTRIES WOULD ONLY BE MADE IF ONE OR ANOTHER EC COUNTRY DEMONSTRATED CONCRETE INTEREST IN POSSIBLE COMMUNITY LOAN AND THAT DEADLINE OF MAY 5 HAD BEEN SET FOR REPLY. ARTICLE INDICATES THAT DENMARK MAY BE INTERESTED IN EC LOAN AND THAT UK IS ALSO POSSIBLE CANDIDATE, PROBABLY AFTER EC REFERENDUM.

3. TREASURY MINISTRY DIRECTOR GENERAL PALUMBO TOLD EMBOFF MAY 12 THAT "CORRIERE" REPORT WAS SOMEWHAT DISTORTED. GOI HAS NOT MADE ANY FORMAL REQUEST FOR LOAN. HOWEVER, IT DID CONFIRM ORALLY ITS CONTINUED INTEREST IN POSSIBLE JOINT EC BORROWING, PROVIDED LOAN CONDITIONS WERE SATISFACTORY TO GOI AND TO EC. HE TOOK SOME PAINS TO EXPLAIN THAT GOI SAW IMPORTANT DISTINCTION BETWEEN FOREIGN BORROWING BY EC FROM OIL PRODUCERS AND BORROWING BY ITALY OR OTHER MEMBER COUNTRY WITH EC GUARANTY. LATTER WAS NOT ACCEPTABLE TO ITALY.

4. PALUMBO ALSO COMMENTED THAT \$3 BILLION FIGURE WAS EVIDENTLY REFERENCE TO EARLIER REPORT OF EC AGREEMENT ON MAXIMUM JOINT BORROWING OF THAT AMOUNT. SINCE CEILING INCLUDED INTEREST PAYMENTS, ACTUAL AMOUNT WHICH MIGHT BE BORROWED IN TERMS OF PRINCIPAL ONLY WOULD BE ABOUT \$2 BILLION. GOI DID NOT KNOW WHAT AMOUNT, IF ANY, IT MIGHT EVENTUALLY REQUEST. THIS WOULD DEPEND, IN PART, ON EVOLUTION OF ITALIAN BALANCE OF PAYMENTS, INCLUDING FACT THAT ITALY HAS LARGE REPAYMENTS DUE THIS YEAR ON PREVIOUS FOREIGN LOANS. PALUMBO DID NOT KNOW WHETHER DANES, BRITISH AND IRISH, WHO HAD PREVIOUSLY EXPRESSED SOME INTEREST IN EC BORROWING, WERE STILL INTERESTED. HE THOUGHT THAT THEIR POSITION COINCIDED WITH ITALY'S REGARDING DECISION NOT TO MAKE FORMAL REQUEST FOR LOAN UNTIL CONDITIONS OF LOAN WERE WELL KNOWN. HE COMMENTED THAT IT WAS LIKELY THAT GOI WOULD FIRST RESORT TO IMF OIL FACILITY AND ONLY THEN SUPPLEMENT SUCH BORROWING FROM EC, IF THAT WERE NECESSARY. LIMITED OFFICIAL USE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM INDUSTRY, INVESTMENT PROGRAMS, LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Original Handling Restrictions:** n/a  
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**Reference:** 75 EC BRUSSELS 4046  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 APR 2003 by Izenbel0>; APPROVED <16 APR 2003 by GolinoFR>  
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EO Systematic Review  
05 JUL 2006

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**Review Referrals:** n/a  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** POSSIBLE ITALIAN BORROWING FROM JOINT EC FACILITY  
**TAGS:** EFIN, EAID, IT, EEC  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006